

Simmons and Simmons client account interest policy for client monies held in the London office client bank accounts

As part of carrying out your instructions to us, we may need to hold your money in our client account on your behalf. In holding client's money, we have an obligation to pay amounts in lieu of interest ("Client Interest") on that money, at a fair and reasonable rate, and are required to put in place an interest policy setting out the circumstances for when Client Interest will be paid and how Client Interest is calculated.

We aim to account to you for interest at a reasonable rate of interest, however as the holding of your funds is incidental to the carrying out of your legal instructions, the rate is unlikely to be as high as the rate you might have been able to obtain when depositing the money we hold on your behalf yourself. In most cases we must ensure that money held on client account is immediately available and so the need for instant access is taken into account when setting the Client Interest rate payable by us.

Client monies held in a general client account will have Client Interest calculated at the rate of interest that would apply to a normal current account balance maintained at the relevant bank, subject to a de minimis limit of £25. Rates can be provided on request and any movement in rates will be advised as part of the interest calculation.

Where client monies are held in a separate designated deposit account, Client Interest is payable at the rate applied by the bank. This will vary depending on the specific account being used and the specific circumstances of the arrangement.

Where amounts are held outside the general client account, or a separate designated deposit account, the rate of Client Interest, and date that interest is credited, will depend on the relevant institution where the funds are held and, as such fall, outside the requirements of this policy. The relevant interest information can be obtained at your request.

Where your money is held on our general client account, any Client Interest paid to you is paid without any deduction for income tax (this applies to businesses as well as individuals unless you are resident overseas – see below). As such it is your responsibility to inform HMRC of amounts of interest received from us and the implications of this will depend upon your own financial circumstances. Where interest accrues on a separate designated deposit account such interest is usually paid net of tax (unless you have signed a declaration confirming your entitlement to receive bank interest gross).

Clients who are individuals should note that under the European Savings Directive regulations 2003/48/EC we are required to inform HMRC of payments of interest to relevant payees in prescribed territories. Where you reside outside the UK and EC, we are required to deduct income tax at the current basic rate and account for this interest to HMRC directly and pay you the net amount.

Client Interest will be calculated on cleared funds only and is compounded six monthly. Client Interest will not be paid on funds held to pay counsel fees or other professional disbursements. Client Interest will usually be calculated at the end of the matter and will credit the client ledger at that date.

Client Interest will not be paid if the total amount calculated for the period that cleared funds are held on a general client account is less than £25.